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acumen and originality, its text is generally sober and cautious in assertion. While not altogether accurate and complete, it furnishes much material that is relatively trustworthy, and which gives us many glimpses into the composition of the extraordinarily interesting population of the United States.

RICHMOND MAYO-SMITH.

*Taxation and Taxes in the United States under the Internal Revenue System, 1791-1895.* An Historical Sketch of the Organization, Development and Later Modification of Direct and Excise Taxation under the Constitution. By FREDERIC C. HOWE. New York, Thos. Y. Crowell & Co., 1896.—293 pp.

Although the yield of United States internal revenue almost equals, and in some years even exceeds, that of the customs, and although the system is almost as interesting from an economic standpoint, its history has been strangely neglected, and so offers a rich and inviting field for research. Dr. Howe has improved this opportunity, and, notwithstanding an occasional slip, has done the work well. He has traced the history of internal revenue taxes through the four stages of their development—under the Federalists, in the War of 1812, in the Civil War and during the last quarter of a century. Naturally the elaborate system of the Civil War period calls for most extended treatment, and fills about half the volume. Finally, the appendices give a bibliography of the subject, the rates of taxation under different acts conveniently arranged in tabular form, and other tables showing the receipts from each source from 1862 to 1895. The receipts are shown also in more detail in tables scattered through the body of the book. But for the absence of an index, the book would have a distinct value for purposes of reference.

By a curious error in the caption of the tables on pages 117 and 118 it is made to appear that the "succession tax" on realty applied only in cases of intestate succession, and the tax on legacies and distributive shares of personal property only to legacies; although elsewhere (pages 114 and 274) the distinction between the two taxes is correctly stated. In these taxes there was no "minimum deduction of \$1,000," whatever that may mean, but only an exemption of personal estates of \$1,000 or less: larger estates were taxable on the whole amount, and there was no exemption in the case of real estate. Although the exemptions are thus unduly magnified on page 115, they are neglected entirely on the following page, in the estimate of what these taxes should have produced. In quoting the

provisions of the probate tax of 1862 (page 120) the rate for large estates is inadvertently omitted.

There are several instances of faulty or misleading terminology. The word "self-assessed," applied to the tax itself, implies a degree of automatic action which is far from being true of taxes. The word "excise" is used with varying significations, in a manner conducing to hopeless confusion. In some places it seems to be employed as synonymous with the entire internal-revenue system; while "general excise" is used as a less general term than "excise" alone.

Dr. Howe falls into the common error of supposing (page 27) that "the supreme court sustained the constitutionality of the [carriage tax] law on the ground that only land and capitation taxes were to be regarded as direct." As a matter of fact, the court arrived at its decision by the same reasoning by which "Gallatin tried to evade the objection," namely, by regarding the carriage tax as a tax on expense or consumption. The suggestion of some of the justices that land and capitation taxes might be the only direct taxes intended by the constitution was not only quite incidental and *obiter*, but was made in each case in the most hesitating and doubtful manner possible.<sup>1</sup> Dr. Howe's failure to recognize this, together with his partiality for an income tax on fiscal, political and social grounds, leads him to regard the decision of the supreme court in the income-tax cases of last year as an unwarranted infraction of the rule of *stare decisis*. In asserting (page 251) that "upon two other occasions, by a unanimous court, the income tax had been held to be a duty and not a direct tax," he evidently confuses the tax on the business of insurance companies with a general income tax. It was this same failure on the part of the court itself to distinguish in the Springer case between things essentially different, which necessitated at least an apparent reversal of its decision. Whether this was strictly a reversal—whether, in the words of our author, "it must be acknowledged that the doctrine of *stare decisis* has received a severe blow"—there is at least room for doubt. As Mr. Chief Justice Fuller pointed out,<sup>2</sup> the original record in the Springer case showed that the income in question consisted entirely of professional earnings and interest on United States bonds; and the validity of the tax as to either was sufficient to sustain the action. The decision of 1895, on the other hand, applied primarily only to incomes from real and personal property, and was extended to incomes from personal exertion only

<sup>1</sup> *Hylton vs. U. S.*, 3 Dallas 171.

<sup>2</sup> 157 U. S., 578, 579.

because the income tax of 1894 was considered as an indivisible whole. It is perhaps unfortunate that the decision in the Springer case was not more explicit as to just what part of the tax was sustained; but, as Mr. Chief Justice Fuller observed, "We are considering the rule *stare decisis*, and we must decline to hold ourselves bound to extend the scope of decisions." In considering the desirability of taxing incomes, Dr. Howe ascribes to a proportional income tax the equalizing function which really belongs only to progressive taxation, and to an income tax no more than to other direct taxes with corresponding exemptions.

The internal-revenue system at present consists of taxes upon distilled spirits, fermented liquors, tobacco and snuff, cigars and cigarettes, oleomargarine, opium, bank circulation and playing-cards. Dr. Howe assures his readers that frauds have almost ceased, that the cost of collection is very low and that the system could easily be made to yield much larger revenues. To attain this result he would advise an increase of the rates on malt liquors and tobacco, which are now lower than in almost any other country. In fine, he considers it "safe to assert that contemporary budgetary history makes no like exhibit of unopened resources and unemployed powers."

WASHINGTON, D.C.

MAX WEST.

*A History of Modern Banks of Issue, with an Account of the Economic Crises of the Present Century.* By CHARLES A. CONANT. New York and London, G. P. Putnam's Sons, 1896. — xiv, 595 pp.

The general scope of Mr. Conant's book is indicated clearly enough by the title. After a brief introductory chapter on the theory of a banking currency, reference is made to pretty nearly every bank of issue in the world. Three chapters are devoted to the United States, two to the banks of England, and one each to Italy, France, Scotland, Ireland, Germany, Austria-Hungary, Russia, Northern Europe, Southern Europe, Canada, Latin America, and Africa and the East. Then come four chapters on commercial crises, and a concluding chapter on the advantages of a banking currency. The discussion of crises is, however, evidently inserted merely to show how much they depend, both for their beginning and for their ending, upon the activity of bankers; and the whole work may, therefore, be briefly characterized as an historical and descriptive account of the bank notes of the world.